FBIS DAILY REPORT

MIDDLE EAST & SOUTH ASIA REVIEW

5 DECEMBER 1985

Egypt

A "reliable source" in Mubarak's office cited by Kuwait's *AL-RA'Y AL-'AMM said Mubarak has informed the Soviet* Union that Egypt will not wage war against Libya but it insists on "settling accounts" with Colonel Mu'ammar al-Qadhdhafi, albeit not through war, KUNA reported. In a separate development resulting from the Egyptian airliner hijacking, Foreign Minister 'Ismat 'Abd al-Majid reiterated Egypt's request for the extradition of the surviving terrorist from Malta, MENA noted. However, a Maltese Government spokesman stressed that there is no reason for Malta to accept the extradition request, according to AFP.

Israeli-Egyptian Talks

The gap between Israeli and Egyptian positions on the Tabah issue remains "wide," Egyptian sources cited by MENA disclosed in the wake of the talks in Cairo 4 December. In Israel, Jerusalem radio broadcast remarks by Prime Minister Shim'on Peres reaffirming his disagreement with the Likud's opposition to arbitration on Tabah and warning that relations with Egypt will deteriorate unless they improve.

Syria

The Syrian prime minister will visit Jordan 8 December to discuss political issues and economic relations and to arrange the date and venue for the meeting between President Hafiz al-Asad and King Husayn, according to "informed sources" in Damascus cited by KUNA.

The Abu Dhabi paper *AL-ITTIHAD* carried reports of an imminent union between Syria and Libya whereby the two countries will merge their Foreign and Defense Ministries, WAM noted.

Israeli-U.S. Relations

The U.S. State Department's Bureau of Intelligence and Research has canceled regular contacts with Israeli diplomats, *DAVAR reported, adding that the move is a "clear expression* of resentment" over Israel's involvement in the affair of suspected spy Jonathan Pollard.

Iran-Iraq War

Iraqi warplanes raided Khark Island and hit another "large maritime target" near the Iranian coast 4 December, the Iraqi General Command announced in a communique broadcast by Voice of the Masses radio.

Lebanon

The Lebanese prime minister and president agreed to lodge an urgent complaint with the UN Security Council against Israel's latest actions in the south, Beirut radio noted.

Maghreb Affairs

The Algerian Army chief of staff discussed "matters of mutual interest" in talks with visiting Soviet Deputy Defense Minister Yevgeniy Ivanovskiy, Algiers radio reported.

As for the Polish leader's current tour, Tunis radio announced General Wojciech Jaruzelski's arrival in the Tunisian capital 4 December following his visit to France.

Sudan

A police official in Khartoum disclosed that security forces have arrested eight people in connection with the recent kidnapping of 'Abdallah Zakariyah, general coordinator of the pro-Libyan Sudanese Revolutionary Committee (SRC), SUNA reported. SRC sources cited by the daily *AL-SAHAFAH* linked the abduction to a financial dispute between Zakariyah and another Libyan-backed group, the agency noted. The director of the Central Intelligence Department denied that Zakariyah had been abducted, maintaining that he is at home and is following a normal routine, SUNA reported. The clandestine Radio of the Sudanese People's Liberation Army accused government troops and police of killing over 1,000 civilians and destroying 5 villages in a sweep through the Abyei area, west of Bentiu.

DRA-Pakistan

Reporting on Pakistani military moves against rebel tribesmen in the Khyber region, BAKHTAR said the "brutal" Pakistani soldiers have besieged and sealed off the area. The Afghan agency praised the local tribes for refusing to allow the Pakistani regime to use the Khyber region as a base against the DRA.

Correction

The following correction pertains to the item subheaded "Iran-Iraq War," published in the 4 December Middle East & Africa *DAILY REPORTon page i, only paragraph, line two: ...Voice of* the Masses radio refuted Iranian claims of having penetrated 5 km into Iraq and having attacked two Iraqi positions during the night of 2-3 December while inflicting more than 100 casualties by reporting that the assault was...(deleting word, adding lines)

FBIS **DAILY REPORT**

CONTENTS

South Asia

Vol VIII No 234 *5 December 1985*

MIDDLE EAST & SOUTH ASIA REVIEW i

REGIONAL AFFAIRS

SARC Foreign Secretaries Meet in Dhaka 3 Dec ..... A 1
Summit Draft Endorsed ..... A 1
AFP Reports Further Details ..... A 1

AFGHANISTAN

Defense Minister Visits Armed Forces Enterprises ..... C 1
'Rebel' Leader's Denial of U.S. Aid Questioned ..... C 1
15 'Rebels' Captured in Konduz Province ..... C 1
Riyadh Radio Reports on Mujahidin Operations ..... C 1
Mujahidin Leader Holds News Conference in Istanbul *[ANATOLIA]* ..... C 2
Pakistani Forces Deployed Against Free Khyber Tribes ..... C 2
AFP: Tribesmen Urged To Fight ..... C 2

BANGLADESH

Ershad To Allow Indoor Trade Union Activities ..... D 1
AFP Reports on 'Exclusive' Interview With Ershad ..... D 1

INDIA

Pakistani President Arrival Date Changed To 17 Dec ..... E 1
Gandhi Briefs Opposition on SARC Summit Plans ..... E 1
Bhagat on Pakistan's Nuclear Program, Sri Lanka ..... E 1
6 Killed, Several Hurt in Madras Police Shooting ..... E 1
One Dies From Delhi Gas Leak; Committee Formed ..... E 1

PAKISTAN

Noorani Says No Direct Talks With Afghanistan ..... F 1
Assembly Rejects Public Circulation of Parties Bill ..... F 1
Delhi Reports Ultimatum Given To Khyber Tribal Chief ..... F 1

OTHER COUNTRIES

SRI LANKA

Jayewardene Leaves 5 Dec for Dhaka SARC Summit ..... G 1
Deputy Foreign Minister Views Indian Relations ..... G 1
Defense Ministry Lists Tamil Violence Toll *[AFP]* ..... G 1
Five Soldiers Killed in Landmine Attack 3 Dec ..... G 1

IRAN

Effort Pledged for Release of Kidnapped in Lebanon *[Kuwait AL-RA'Y AL-'AMM 3 Dec]* ..... I 1
Central Bank Offers Low Insurance Rates For Ships ..... I 1
Prime Minister Presents Budget Bill to Majlis ..... I 1
IRNA Reports 1986 Fiscal Year Budget Details ..... I 6
Reportage on Combat Operations in War With Iraq ..... I 6
Communique No 2,309 ..... I 6

SARC Foreign Secretaries Meet in Dhaka 3 Dec

BK031616 Dhaka Domestic Service in English 1530 GMT 3 Dec 85

[Text] The foreign secretaries of the seven South Asian countries met in an informal session in Dhaka this evening. Some members of the delegation of each country were also present at the meeting. A summit spokesman told newsmen that the foreign secretaries exchanged views on general terms about the different aspects of summit meeting beginning on Saturday [7 December]. They formed a Drafting Committee to examine the draft declaration of the conference and look into the integrated program of action.

The Standing Committee, consisting of the foreign secretaries, is to meet tomorrow to consider the recommendations of the Drafting Committee. The spokesman said that a revised draft has been prepared on the basis of suggestions received from the member countries and it will be placed for consideration by the Standing Committee and the foreign ministers who will meet on Thursday [5 December].

Earlier, four foreign ministers from the region arrived in Dhaka today to take part in the first SARC [South Asian Association for Regional Cooperation] summit. They are Mr A.C.S. Hameed of Sri Lanka, Mr Fathullah Jameel of the Maldives, Mr Dawa Tsering of Bhutan and Randhir Subba of Nepal. The foreign minister, Mr Humayun Rashid Chowdhury, received them at the Zia International Airport. Foreign ministers of India and Pakistan are expected to arrive tomorrow.

Summit Draft Endorsed

BK041622 Dhaka Domestic Service in English 1530 GMT 4 Dec 85

[Text] The Standing Committee of SARC [South Asian Association for Regional Cooperation] foreign secretaries has endorsed the draft declaration of the summit beginning in Dhaka on Saturday. The committee, which met in two sessions, also endorsed the recommendations of the panel of judges on the emblem of the SARC. The design of the emblem submitted by Nepal was accepted.

Briefing newsmen at the media center at the Sangsad Bhavan this envening, the conference spokesman said the committee decided to widen the scope of the integrated program of action to cover more fields. The scale of activities for next year was also worked out. The spokesman said the committee was in full agreement on all items on the agendanda. This meeting was the first stage of preparation for the summit. The second stage will be the meeting of foreign ministers of the member counties tomorror. The Standing Committee considered the reports presented invididually by each member country. In these reports, they made a number of useful suggestions on widening the scope of regional cooperation and devising ways and means for harnessing the physical and human resources of the region. Our representative understands the committee considered a suggestion for exploring the possibility of setting up a SARC Secretariat.

Earlier, Bangladesh was elected chairman of the fifth Standing Committee. The new chairman, the Bangladesh foreign secretary, Mr Faraq Ahmed Chowdhury, spoke of the significant strides made so far by the SARC through its different committees and working groups. The outgoing chairman of the fourth Standing Committee, the Bhutanese foreign secretary, Dr Podgyal, in his address said positive and constructive progress has been made to further strengthen the organizational and functional basis of the SARC. The Drafting Committee, also headed by Bangladesh, is continuing its deliberations on the tasks assigned to it.

Meanwhile, the foreign ministers of Pakistan, Sahabzada Yaqub Khan, and the foreign minister of India, Mr B.R. Bhagat, arrived in Dhaka today to take part in the SARC conference. They were received at the airport by the foreign minister, Mr Humayun Rashid Chowdhury.

Shortly after his arrival in Dhaka, Mr Bhagat expressed the hope that SARC will grow into a dynamic, progressive, and forward looking forum for regional cooperation in South Asia. The Indian foreign minister said the momentum generated by SARC will contribute to peace, stability, harmony, and cooperation in the region which in the past saw distrust, conflicts, and hostilities. Mr Bhagat said it is due to the SARC spirit that there were more exchange of views among the countries of the region and more problems have been solved than in the past. The India foreign minister expressed his happiness that the first SARC summit is taking place in Dhaka from where the concept of regional cooperation in South Asia emanated.

AFP Reports Further Details

HK041614 Hong Kong AFP in English 1551 GMT 4 Dec 85

[Text] Dhaka, Dec 4 (AFP) — Foreign secretaries of seven South Asian countries today drafted a joint declaration on regional cooperation to be submitted t the first ever summit of their leaders here on Saturday, a spokesman said. The foreign secretaries of India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives agreed on the joint declaration after day-long talks. Together they form the Standing Committee of the South Asian Association for Regional Cooperation (SARC).

The summit spokesman said that they had reached a "consensus on almost all the issues" that their heads of government and states were likely to formally adopt.

The document will now be screened by foreign ministers of the seven countries who meet here tomorrow before it finally goes to the summit.

Heads of government, with the exception of President Junius Jayewardene of Sri Lanka, will arrive here Friday, official sources said. Mr. Jayewardene will arrive on Saturday.

According to the summit spokesman, the Standing Committee had "full agreement on almost all the agenda items", which marked "a new emerging spirit of cooperation and mutual understanding "among the countries in the region.

Apart from agreeing on the draft declaration, the committee also endorsed the SARC Charter spelling out the aims and objectives of the Group of Seven.

Delegates here are of the opinion that cooperation in a number of low key and non-political areas was possible and could pave the way for wider understanding among the regional states.

The summit spokesman said the Standing Committee had approved a new programme of cooperative activities for 1986. It had also selected the emblem suggested by Nepal for the SARC which will be finally approved by the summit, he added.

However, nothing has been said about the location of a permament SARC Secretariat, the spokesman said.

Bangladesh, with Pakistan's support, wants Dhaka to be the headquarters, while India prefers Kathmandu, sources said.

Asked if there had been any discussion on Afghanistan or Cambodia during today's talks, the summit spokesman said that there had been no mention of "specific political issues". However, he agreed that "differences must be and should be there" on tackling the subjects of cooperation as "we are a new organisation".

The ministers and officials of the seven countries have already met several times since 1980, when the idea of South Asian cooperation was first mooted by the late President of Bangladesh, Ziaur Rahman.

In a declaration adopted in 1983, the foreign ministers decided to confine cooperation to the fields of agriculture, rural development, telecommunications, meteorology, health, transport, science and technology, and sports and culture. They also agreed that decisions at all levels should be taken on the basis of unanimity and that bilateral and contentious issues should be excluded from the deliberations.

Only in the field of sports have the South Asian countries so far managed to launch a concrete programme of action, while proposals for the establishment of a regional meteorological research centre and a South Asian institute for transport, technology and training have reached an advanced stage of consideration, conference sources said.

Defense Minister Visits Armed Forces Enterprises

LD042322 Kabul Domestic Service in Dari 1530 GMT 4 Dec 85

[Excerpts] Soltan Ali Keshtmand, member of the PDPA Central Committee Politburo and chairman of the DRA Council of Ministers, yesterday visited Defense Ministry production enterprises in Kabul.

Soltan Ali Keshtmand was accompanied by Maj. Gen. Nazar Muhammad, candidate member of the PDPA Central Committee Politburo and DRA Minister of Defense; Sarwar Mangal, deputy chairman of the Council of Ministers and head of the DRA State Planning committee; Maj. Gen. Sayyed Muhammad Gulabzoy, minister of interior, and Muhammad Kabir, DRA minister of Finance.

At the end of this visit, Soltan Ali Keshtmand took part in a meeting of tailoring worshop personnel comprising workers, enlisted men, NCO's and officers and spoke about the importance of the army tailoring worship in supplying uniforms, tents and [word indistinct] to the officers and men of the DRA armed forces. [passage indistinct]

Soltan Ali Keshtmand and his colleagues then visited the Defense Ministry Production Unit. The head of the Construction Department, officials of the Ministry of Defence, officers and engineers of the production unit briefed him on their respective sections.

After inspecting in detail various sections of the prouduction unit Soltan Ali Keshtmand took part in a meeting of workers, enlisted men and officers of the production unit's construction complex, and in a detailed speech specified the improtant duties incumbent on them and spoke of the completion of shops and various sections of the construction complex and their role in supplying the material and technical needs of the DRA armed forces.

Soltan Ali Keshtmand and his colleagues then visited various sections of the Central Repair workshop of the DRA Defence Ministry and was briefed by the Defense Ministry head of technical affairs, commanders and engineers of the workhop. He then took part in a general meeting of workers, engineers and officers of the workshop at which he delivered a speech.

Soltan Ali Keshtmand spoke of the improtance of the work of the workers and personnel of the workshop, the technical and economic assistance of the Soviet Union, the attention paid by the PDPA Central Committee and the DRA Government to the workers' well-being and the work and produciton of the workshop.

The Armed Forces Central Repair Workshop carries out major repairs on various motorized vehicles and makes them ready for use.

'Rebel' Leader's Denial of U.S. Aid Questioned

LD050654 Kabul BAKHTAR in English 0415 GMT 5 Dec 85

[Text] Kabul, December 4, BAKHTAR — A leader of the Afghan counter-revolution, Gulbuddin Hikmatyar, in an interview with ASSOCIATED PRESS said that the Afghan counter-revolution has not obtained any types of weapons and financial assistance from the United States.

The question arises that where has the Afghan counter-revolution obtained all the weapons in the past seven years through which they have disrupted the normal life of the people in this connection. American *TIME* magazine has earlier released information saying that arms and ammunitions have been transfered secretly by CIA to the Afghan counter-revolution.

Moreover, daily *WASHINGTON POST* confirmed that the United States put at the disposal of the Afghan counter-revolution a large quantity of weapons and ammunitions. The daily wrote: "The secret aid of CIA to the Afghan counter-revolution has changed to a greatest secret operations of the United States after the Vietnam War.

Gulbuddin himself has earlier said in an interview with a Western agency had sometines ago that the Afghan counter-revolution regularly acquire weapons, ammunitions and cash money from the U.S.A. for waging war against Afghanistan.

The American extremist conservative organisations "Freedom of Hawk" and "Federation of U.S.-AFGHANISTAN Activities" have revealed that the search and the sending of assistance to the counter-revolution is continuing.

Yet if one relies on the words of Gulbuddin then the question arises that who is receiving the 300 million dollars approved by the U.S. Congress over a month ago? Or not to have confidence in this as well? [sentence as received]

15 'Rebels' Captured in Konduz Province

LD031622 Kabul Domestic Service in Pashto 1530 GMT 3 Dec 85

[Text] The BAKHTAR INFORMATION AGENCY, quoting a source of the country's security forces, reports that as a result of successful operations carried out recently by the country's security forces in the environs of Konduz Province a number of armed counterrevolutionary elements were crushed, 15 captured, and a quantity of assorted weapons were seized from them.

Riyadh Radio Reports on Mujahidin Operations

GF031445 Riyadh Domestic Service in Arabic 1130 GMT 3 Dec 85

[Text] Diplomatic sources in Islamabad said that the Afghan mujahidin have destroyed 15 fuel transportation tankers going to Kabul from the Soviet Union. This was the second such attack against a convoy of oil vehicles last month. The sources said that at the end of November the mujahidin also attacked a convoy of trucks loaded with consumer goods heading toward Salang Pass. As a result of this attack, 20 vehicles were destroyed and most of the goods were seized.

On the other hand, the Soviet forces continued to shell the villages in the valley of (Shomli) with rockets and mortars. News reports also said the mujahidin downed two helicopters belonging to the Babrak Karmal regime near Khowst in Paktia. Six navigators were killed,

Mujahidin Leader Holds News Conference in Istanbul

TA031802 Ankara ANATOLIA in English 1615 GMT 3 Dec 85

[Text] Istanbul, 3 (AA) — The Soviets should realize that their invasion of Afghanistan cannot last long, mujahidin leader Gulbuddin Hikmatyar said Monday.

In a press conference here, Hikmatyar stressed that the only solution to the Afghanistan question would be an unconditional withdrawal of Soviet troops there.

Reminding that the mujahidin's fight against Soviet forces in Afghanistan continues for more than 5 years, Hikmatyar said the mujahidin try to stand against Soviet troops with almost primitive weapons but the dimensions of the resistance is still enormous.

"As a consequence of this resistance, 50,000 Soviet troops were killed and many others had been captured, 50 Soviet jet fighters and helicopters were downed or destroyed" Hikmatyar noted. "We also suffered a million martyrs" he added.

"If it withdraws its forces in Afghanistan, the Soviet Union claims that civil war will begin and that its southern border will be endangered, but there is no logic in thinking that a little nation like Afghanistan will pose a threat to a superpower", Hikmatyar concluded.

Pakistani Forces Deployed Against Free Khyber Tribes

LD050658 Kabul BAKHTAR in English 0439 GMT 5 Dec 85

[Text] Kabul, December 4, Bakhtar — The military dictatorship of Pakistan, the puppet of the U.S. imperialism, deployed thousands of Punjabi soldiers who were equipped with tanks and heavy weapons for massacre and desctruction of the houses, hamlets and the mosques of valorous and freedom-loving tribes of Khyber region, free tribal territory situated between Afghanistan and Pakistan. But the militias of Khyber named scout refused from [as received] opening fire on their frontier brothers of Afridi and Shinwar, reports reaching BAKHTAR says.

The reports add that under the command of Punjabi military officers the houses of the valorous leaders of tribes which were built in the mountains in the form of strong fortresses against the Pakistani military contingents were subjected to bullet fire and were destroyed.

The brutal Pakistani militarymen have completely besieged Khyber region, has cut off the foodstuffs and other primary goods to the people of the region. Similarly, the militarymen do not allow those tribal people who were not at their homes during the armed attacks of Pakistani aggressors to return to their dwellings.

Despite the sending of a strong army with heavy weapons, the aggressive military forces of Pakistan could not achieve their ominous aims in Khyber region as before.

The free Pashtun tribes have once again revealed the fact that they do not allow the military regime of Pakistan to trample their traditional and historical freedom. As also, they will not permit the military regime to make use of their regions as bases against the DRA.

The elders and religious leaders of Khyber region in a grand meeting have once again warned the military regime saying that if its military forces are not withdrawn from Kyber region the grave consequences of it will be borne by Islamabad regime.

AFP: Tribesmen Urged To Fight

HK050530 Hong Kong AFP in English 0451 GMT 5 Dec 85

[Text] Islamabad, Dec 5 (AFP) — Afghanistan strived Wednesday to incite Khyber tribesmen into rising up against Pakistani Government troops who entered semi-autonomous tribal areas along the border on Sunday in a crackdown on arms drug trafficking by Pro-Kabul Pashtun tribesmen. Radio Kabul, monitored in Islamabad, interrupted its normal programmes, to broadcast news bulletins, songs of war and an appeal from the elected chief of Afghanistan's Khyber tribesmen, Haji Shamkani to "forget their differences and unite against the aggressor.

The radio called on Pakistan to "halt its barbarous aggression" and urged frontier tribes to "drive out the aggressor from their autonomous territory and give Pakistan a lesson it will remember".

Despite a news blackout, reports reaching here said fighting broke out Wednesday evening near Jamrud, 20 kilometers west of Peshawar on the fringe of the Khyber tribal area. An official Pakistani source said men of differing tribes had exchanged shots in a village near Jamrud. Two people were wounded, the source said.

Two large tribal gatherings took place in different parts of the tribal area on Wednesday, according to correspondents. At one meeting, the maliks — tribal chiefs — promised to collects arms supplied by Kabul and said they would not support Wali Khan Kuki Khel, who is regarded by Pakistan as the main agitator. At the second meeting Wali Khan Kuki Khel dissuaded his troops from launching an attack on the Pakistani forces, reports said.

Ershad To Allow Indoor Trade Union Activities

BK021823 Dhaka Domestic Service in English 1530 GMT 2 Dec 85

[Excerpt] President Hussain Mohammad Ershad has declared the exemption of recovery of the two advances which were given earlier to the industrial workers. The president, on return from Malaysia last month, had announced the postponement of deduction of these advances in a meeting at the Adamjee jute mills. Addressing a public meeting at (Agoljhara) college maidan [ground] at Barisal today, the president said that he would remove anomaly, if any, in the announced pay and allowances for the workers.

President Ershad said the government has taken the decision to allow indoor trade union activities, and after the SARC [South Asian Association for Regional Cooperation] a definite date will be announced for opening indoor trade union activities. The president described the workers and peasants as the two main pillars of the national economy and said he has been doing everything possible within the limited resources of the country to improve the condition of the toiling masses. He said his government has adopted land reforms and created upazila [subdistrict] decentralizing the administration to initiate development of the hitherto neglected rural areas where the bulk of the population lives. He said similarly for the workers he has enhanced their pay and amenities over and above what was recommended by the wages commission.

AFP Reports on 'Exclusive' Interview With Ershad

HK050258 Hong Kong AFP in English 0232 GMT 5 Dec 85

[Text] Dhaka, Dec 5 (AFP) — Bangladesh President Hussain Mohammad Ershad intends to encourage India and Pakistan to overcome their differences when their leaders meet here at the weekend for a South Asian summit. "I surely want to talk to them. I'll tell them, 'forget the (nuclear) bomb and shake hands,' " General Ershad said in an exclusive interview with AGENCE FRANCE-PRESSE yesterday.

The leaders of India and Pakistan will join heads of state and government from Bhutan, Maldives, Nepal, Sri Lanka and host Bangladesh for a summit Saturday and Sunday to launch the South Asian Association for Regional Cooepration (SARC).

Gen Ershad saw wider benefits from improved Indo-Pakistani relations, saying that funds devoted to the arms industry could be channeled into the fight against poverty. "We shouldn't have this bomb at all. ...if there is mutual understanding and mutual trust, we don't need it," he said.

Gen Ershad suggested that SARC should confine itself to regional concerns for the time being, without going into issues such as Afghanistan and the Iran-Iraq war. The conflict between Iran and Iraq would be better approached in an Islamic context, such as committee set up by the Organization of the Islamic Conference, of which Bangladesh is a member, Gen Ershad said. "We haven't achieved much, but all the same we have been trying. ...we are just hoping for the best," he said.

Although the seven SARC members will be intentionally avoiding controversial topics, "this is a good moment for South Asian leaders to get together. The atmosphere is good," Gen Ershad said.

The Bangladeshi leader dismissed a suggestion that China and Burma be invited to join SARC, saying, "It is not a bad idea, but they are not in the region." It would be a long time, he said, before SARC could hope to become an organization similar to the European Economic Community (EEC). "EEC member countries are more or less on an equal level in economic conditions, whereas that is not the case here," he said. "But surely trade, commercial and cultural relations can be included and improved upon in this region."

As for a common parliament, Gen Ershad said: "I don't think we can go that far. Give us some time. It should be possible if we can resolve some of our major difficulties."

SARC should, he said, be able to cooprate with other regional organizations. "I don't think we will have any difficulty in collectively negotiating with other countries or other regions, and that's the aim."

Speaking at his official military residence in northern Dhaka, Gen Ershad warmed to his subject when asked about what he saw as the critical problems facing Bangladesh. He set population control as "the number one priority, and after that agriculture." Although his government has claimed significant successes in combatting the population explosion, he warned: "If we continue to grow at this rate, in the year 2000 our population will double to 200 million."

Gen Ershad, the chief martial law administrator, said he believed in parliamentary democracy and was inviting the country's political parties to join him in preparing for elections in 1986, possibly as early as March. "We should have a democratic system. I'm in favor of that," he said.

But he criticized the opposition for refusing to take part when he offered elections on previous occasions. He spoke at length about his endeavors in land reform, infrastructure and reform of the judiciary, but said he was disappointed at persisent criticism from intellectuals and politicians.

On bilateral issues, Gen Ershad said that "relations with India are very much better than they were before. The problems will be resolved ultimately because the will to resolve them is there." He credited Indian Prime Minister Rajiv Gandhi with contributing greatly to the improvement, and said: "He wants good relations not only with my country but with other neighboring contries also."

Gen Ershad summed up the regional situation by saying: "India has poverty, Pakistan has poverty, all of us have poverty. We have so many problems. If we can bring mutual trust to each other, then things will be much better."

Pakistani President Arrival Date Changed To 17 Dec
BK040851 Delhi Domestic Service in English 0830 GMT 4 Dec 85

[Text] President Ziaul Haq of Pakistan will now be arriving in New Delhi from the Maldives on the 17th of this month and leaving for home the same evening. This information was given by the prime minister in the Lok Sabha today. President Zia was earlier scheduled to arrive in New Delhi on the 16th.

Gandhi Briefs Opposition on SARC Summit Plans
BK041623 Delhi Domestic Service in English 1530 GMT 4 Dec 85

[Text] The prime minister will discuss the ethnic problem in Sri Lanka with President Jayewardene in Dhaka where they will be attending the SARC [South Asian Association for Regional Cooperation] summit. Mr Rajiv Gandhi conveyed this to opposition leaders in New Delhi this evening during his meeting with them which lasted a little over an hour. He said the Tamil United Liberation Front has given certain proposals which have to be studied. The prime minister reiterated India's grave concern at the killings in Sri Lanka and said India is keen to see that these should stop. Mr Gandhi said there seems to be a gap of trust between the two sides in Sri Lanka. They should do something to create mutual trust. It is also in our interest that there should be stability in Sri Lanka.

The finance minister, the home minister and the parliamentary affairs minister were present at the meeting from the government side. The opposition leaders who attended the meeting included Mr L.K. Advani, BJP [Bharatiya Janata Party]; Professor Madhu Dandavate, Janata; Mr Indrajit Gupta, CPI; Mr Dwipen Ghosh, CPI-M; Mr Aladi Aruna, AIADMK [All India Anna DMK]; Mr K.P. Unnikrishnan, Congress-S; Mr Virendra Verma, Lok Dal; Mr Amar Roy Pradhan, Forward Bloc; Mr V.M. Somu, DMK; Mr P. Upendra, Telugu Desam; and Mr B.S. Ramoowalia, Akali.

Bhagat on Pakistan's Nuclear Program, Sri Lanka
BK050916 Delhi Domestic Service in English 0830 GMT 5 Dec 85

[Text] India is constantly in touch with Sri Lanka to explore ways of improving the effectiveness of the Cease-Fire Monitoring Committee. In a written reply to a question, the extenal affairs minister said in the Rajya Sabha that the situation in Sri Lanka is highly charged and fraught with explosive possibility. As a result of the violation of the cease-fire arrangements, incidents of violence and counterviolence between the two sides have increased recently. Mr Bhagat said civilians, particularly Tamil civilians, have been the main victims of this violence. Some Sinhalese civilians have also been killed. This could result in the hardening of communal attitude. The recurrence of communal violence cannot be ruled out. Mr Bhagat said it is because of this inherent danger that India has continuously urged all sides to work for a political solution.

He also told the house there are indications that Pakistan may have accumulated weapons grade uranium for a few devices. But, Mr Bhagat said in a reply there can been no certainty about the extent of enriched uranium available in that country.

6 Killed, Several Hurt in Madras Police Shooting
BK050316 Delhi Domestic Service in English 0240 GMT 5 Dec 85

[Text] Six persons died and several others were injured in Madras yesterday in police firing at three different places. According to the state home secretary, Mr T.V. Venkataramam, seven persons with bullet injuries have been admitted to hospitals in Madras. Eighty-nine police personnel, including the city police commissioner and four deputy commissioners, were injured in stone throwing and knife attacks. About 48 vehicles were damaged. According to official sources, police resorted be firing then the agitating fishermen did not disperse even after lathi [baton] charge and busting of tear gas. The fishermen were protesting against the Slum Clearance Board's move the evict them from tenements for nonpayment of rent arrears. The police say the situation is under control.

One Dies From Delhi Gas Leak; Committee Formed
BK050338 Delhi Domestic Service in English 0240 GMT 5 Dec 85

[Text] A 5-member expert committee has been formed to go into the causes of oleum gas leak from the Shri Ram Foods and Fertilizer factory in Delhi yesterday. The committee will be headed by the general manager of Engineers India, Mr N.K. Seturaman. Other members of the committee are Dr P. Krishna, adviser, Department of Chemicals; Dr K.R. Rangzpzogan of the Department of Environment; Mr N.S. Grover, industrial adviser, Directorate General of Technical Development; and Mr S.K. Dheri, chief fire officer of Delhi. The committee will also examine the existing safety measures and recommend safety and antipollution measures in the factory in future.

The gas leakage had affected several areas in Delhi yesterday. About 200 people were taken to various hospitals with complains of cough and throat irritation. Most of them were discharged after first aid. One person, who was criticially injured, died this morning. Three officials of the factory have been taken into custody and a case of negligence was registered against them.

Noorani Says No Direct Talks With Afghanistan
BK031105 Karachi Domestic Service in English 1005 GMT 3 Dec 85

[Excerpts] The National Assembly today began general discussion on the Political Parties Amendment Bill 1985. Taking part in the discussion, Syeda Abida Hussain said the intention of the house while passing the Political Parties Amendment Bill should be to meet the future requirements of the country. She criticized the clause relating to registration of the political parties and said this should be left to the people to accept or reject any political party. Mr Hamsa supported the defection clause of the amendment bill and said this would give political stability and discourage the crossing of the floor. He traced the history of the past and said the politicians always changed their loyalties for their own interest. He was still speaking when the house adjourned to meet again this evening at 1715.

Earlier, speaking on identical adjournment motions sought to be moved by Sheikh Rashid Ahmed and Malik Abdul Rauf on the interview of the Soviet deputy foreign minister, Mr Kapitsa, the minister of state for foreign affairs, Mr Zain Noorani, reiterated that Pakistan had at no stage agreed to hold direct negotiations with Karmal regime. Such negotiations can be considered only after agreement has been reached on all the four instruments at the proximity talks at Geneva. Pakistan has repeatedly stressed that it is in no way involved in the indigenous freedom struggle of the Afghan people against foreign intervention in their country.

About the alleged killing of 12 Soviet soldiers in Pakistan territory, he said after investigation it has been established that no Soviet citizen or personnel were involved in the Matanni explosion. This position was formally communicated to the Soviet Union in May last. The movers did not press their motions.

Assembly Rejects Public Circulation of Parties Bill
BK031559 Karachi Domestic Service in English 1700 GMT 2 Dec 85

[Excerpt] The National Assembly tonight rejected the amendments moved by Haji Mohammad Seyfullah Khan, Dr Sher Afghan Shah Balihuddin, Sheikh Rashid Ahmed, and Syed Wasim Asghar Nabi to circulate the Political Parties Amendent Bill 1985 for eliciting public opinion. Replying to points raised by the movers of the amendment, the minister for justice and parliamentary affairs, Mr Iqbal Ahmed Khan, said the speeches made by the members had made it clear that the political parties should be regulated so that the bitter experiences of the past are not repeated again — the country becoming politically stable, and political institutions could function in a smooth manner. He said political institutions would be needed even more after the lifting of martial law. He said it is the demand of the people that there should be some sort of party discipline to guard against any drawing room conspiracy and they were against delaying the passage of the Political Parties Amendment Bill. He said now that only a few weeks are left in the lifting of martial law, the bill should be adopted expeditiously so that political stability could be created through the functioning of the political parties and a healthy democratic system could be established.

Resuming the yesterday's unfinished speech in favor of the motion, Haji Mohammad Seyfullah Khan said the matter could not be decided by a house elected on nonparty basis. The people should therefore be taken into confidence to give verdict in the light of their experience in the background of the political history of the country.

Speaking on the motion, Dr Sher Afghan said the amendments made in the past were aimed at keeping certain political parties out of the political arena. Even the present bill was aimed at debarring certain political parties.

Sheikh Rashid Ahmed Said in the past the views of the people had not been given proper weight with the result that the country had to face a very serious situation. Therefore, he said, the bill should be circulated to elicit public opinion.

Syed Wasim Asghar Nabi was of the view that the bill is not connected with the lifting of martial law. Therefore there was no need to hastily adopt it. He said we should not ignore the views of the people, and adopt the amendment bill after taking into consideration the opinion and views of ulema and intellectuals.

Reporting the point, the minister for justice and parliamentary affairs, Mr Iqbal Ahmed Khan, said the relevant rules quoted by the member in support of his arguments were not acceptable in this case. In the ruling, the speaker, Syed Fakhr Imam, said the bill was not referred to the Council of Islamic Ideology by this Parliament. However, if it wants to do so, it can return to the council under the relevant rules for which opportunities will be accorded at an appropriate time.

Delhi Reports Ultimatum Given To Khyber Tribal Chief
BK031357 Delhi General Overseas Service in English 1330 GMT 3 Dec 85

[Text] Pakistan has directed the chiefs of the dissident Pakhtun tribes in the Khyber area to surrender to the government. Officials said in Islamabad today that an ultimatum has been given to them to surrender by Monday next. Otherwise their homes will be destroyed and land occupied.

Reports say that tanks and troops have been sent to the Khyber district to back up the government ultimatum. This action was taken at the end of the government's efforts to negotiate with a leading dissident chief Mr Wali Khan Kuki Khel.

SRI LANKA

Jayewardene Leaves 5 Dec for Dhaka SARC Summit

BK051117 Colombo International Service in English 1030 GMT 5 Dec 85

[Text] President J.R. Jayewardene, accompanied by Mrs Jayewardene, left for Dhaka this morning from Katunayake to attend the South Asian regional summit. There was no departure ceremony but Minister of National Security Lalith Athulathmudali, Minister of Trade and Shipping M.S. Amarasiri, Minister of Textile Industries Wijepala Mendis, and the Minister of Home Affairs K.W. Devanayagam, were there to bid them farewell. Prior to their departure [words indistinct] was chanted at president's house.

Meanwhile, six acting ministers were sworn in by the prime minister this morning. Mr Lalith Athulathmudali was sworn in as acting minister of defense and rehabilitation, while Mr D.B. Welagedara was sworn in as acting minister of plan implementation. Mr Harold Hearth took oath as acting minister of Janata [public] estate development; V.L. Wijemanne — state plantations, P. Dayaratne — power and energy, and A.R.M.B. attanayake as acting minister of higher education.

Deputy Foreign Minister Views Indian Relations

BK021815 Colombo Domestic Service in English 1245 GMT 2 Dec 85

[Text] The deputy minister of foreign affairs, Tyronne Fernando, said that during the last year Sri Lanka was successful in improving relations with India and also in replying to false propaganda carried out by terrorists.

Earlier, the leader of the opposition, Anura Bandaranaike, said that Sri Lanka should convince India at the forthcoming SARC [South Asian Association for Regional Cooperation] to send back all terrorists to Sri Lanka. He said this move will help in finding a better solution to the crisis. Mr Bandaranaike accepted that relations between Sri Lanka and India have improved during the recent past.

The MP [Member of Parliament] for Attanagalla, Lakshman Jayakodi, said that our embassies should play an important role in finding solutions to the ethnic crisis. The MP questioned what action our embassies have taken in reply to allegations against Sri Lanka on the reported violation of human rights.

Defense Ministry Lists Tamil Violence Toll

HK041510 Hong Kong AFP in English 1444 GMT 4 Dec 85

[Text] Colombo, Dec 4 (AFP) — Militant Tamil separatists have killed 368 people since a ceasefire with the Sri Lankan security forces began in mid-June, the Defence Ministry said today.

The toll included 82 security personnel, among them five soldiers who died in a landmine blast yesterday along with their civilian driver, Additional Secretary Wickrema Weerasooria told reporters.

The militants also carried out 251 abductions from June 18 to the end of November. Of these, only 25 people have been released and the fate of the others are unknown, he said.

Mr. Weerasooria said more than 24,000 Sinhalese, the national majority, lost their homes in the Tamail-dominated north and east and become refugees during the same period.

A total 21,708 Tamils became refugees and 4,223 Muslims became refugees in the two provinces during the period, totalling 49,931, he said. [figures as received]

Lieutenant-General Cyril Ranatunge, head of the Joint Operations Command, the anti-guerrilla headquarters, today denied an Amnesty International report that Tamil detainees were being tortured.

A section of Sri Lanka's 2.5 million Tamils are campaigning for a separate state in the north and east, claiming discrimination from the Sinhalas.

Five Soldiers Killed in Landmine Attack 3 Dec

BK031309 Colombo Domestic Service in English 1245 GMT 3 Dec 85

[Text] Five soldiers and a civilian were killed and three others injured when Tamil Marxist terrorist exploded a landmine under their vehicle today in Trincomalee. Security forces told LANKA PUWATH that the incident occurred at (Beliatta) at 0745 this morning, a few miles from the Tricomalee port.

Effort Pledged for Release of Kidnapped in Lebanon

GF041530 Kuwait AL-RA'Y AL-'AMM in Arabic 3 Dec 85 p 1

["Exclusive" report]

[Text] The wife of one of the French men kidnapped in Lebanon has received a message from the Iranian authorities, stressing that they will work to release her husband and the rest of the kidnapped in Lebanon.

Central Bank Offers Low Insurance Rates For Ships

LD262128 Tehran IRNA in English 1710 GMT 26 Nov 85

[Text] Tehran, Nov. 26, IRNA — The Iran Insurance Company fully insures all ships in its rent against damages to their cargo or the ships themselves. The head of the company, Amir Sadeqi said here Tuesday the decision had been made by the cabinet on 18 November. He said all ships belonging to or in the rent of the Islamic Republic, carrying oil or other cargo, would be insured with rates lower than those of foreign companies.

The Central Bank of Iran is ready to deposit an additional dollars 200 million for the Iran Insurance Company with the Lloyds Bank of London if needed. The company now has dollar 100 million in the bank.

The Iran Insurance Company is financed by the government and once payments for indemnities should add up to more than 95 percent of its income the balance would be covered by an appropriation from the national budget.

Prime Minister Presents Budget Bill to Majlis

GF020855 Tehran Domestic Service in Persian 1110 GMT 1 Dec 85

[Budget speech by Iranian Prime Minister Mir Hoseyn Musavi delivered to Majlis open session in Tehran on 1 December — recorded]

[Text] In the name of God, the Merciful, the Compassionate. I give my ceaseless thanks and gratitude to the Lord Almighty. Hail to the pure souls of the martyrs of the Islamic Republic and hail to the leader of the Islamic Revolution. I offer the respected Majlis the country's budget bill for 1365 [21 March 1986-20 March 1987]. This is the fifth year that the serving government of the oppressed is offering the national budget to Majlis.

The year 1364 [21 March 1985-20 March 1986] was a year filled with events both politically and economically. During this year, the struggling nation won against the Ba'thist enemy in the war of (?cities). This victory serves to prepare for further achievements on the political front. The same year witnessed the glorious resistance of the Muslim Iranian nation. The experience of this year has shown that by relying on the power and perseverance of such a nation, all programs could be designed and aimed toward victory in war. It is with such backing that we announce we are able to continue the war, even though complete victory requires lengthy resistance.

This year also witnessed the very important presidential elections and the start of a new era in the activities of the government of the Islamic Republic, even though natural events stemming from this change and the political issues surrounding it caused a relative slump in the work of government organizations for a few months. Although the event took place at the time of budget preperation and even though it was expected that this bill would be delivered much later, through the efforts and worthy work of all ministers and those in charge of the administrative organizations, particularly the Ministry of Budget and Planning, the bill is being offered to the Majlis this year, almost within its legal period. This may bring a rapid end to the slump in the activities of the administrative organizations.

This year witnessed the battle of tankers. The enemy, who has been using this desperate technique for a long time in the hope of cutting the jugular of our economy and after having been disappointed in the war of the cities, began concentrated attacks against Khark Island which continue even now. We should say today that this is another victory since it is as if the enemy was beating cold iron. We have continued our oil exports despite the heaviest pressure by the enemy and, considering our plans, we hope to make all sources of oil export safe forever.

Even though the government managed to reduce the effects of the enemy's attacks against the oil exporting sources of the country, its adverse effects and the unfavorable international oil market resulted in the loss of some income.

Another victory of the past year has been the government's flexibility in the face of such reduction of income. Our administrative capability to control costs and adjust them to income, along with controlling the main indicators of the national economy, shows that we are able to run the country and suffer a minimum of damage even with the smallest level of oil export and the burden of most difficult economic conditions. Statistics and figures indicate this capability and flexibility. During the first 7 months of the current year, we realized only 61 percent of the oil income, 83 percent of the taxes, and 70 percent of other income for the same 7-month period last year. The government has managed to create a large degree of coordination between income and expenditure by controlling expenditures. Such flexibility is noteworthy because the reduction in expenditure was not achieved solely by [cuts] in development project budgets, but in ongoing budgets as well. During the same period, 81 percent of the budget for theperiod (?has been spent). The government expects to end the current year approximately 400 to 500 billion [rials] below the allocated budget and to reduce its borrowing from the banking system. However, the point should also be noted that any further pressure to reduce costs will have an adverse effect on employment and production indicators.

Concerning the issue of borrowing in this year's and next year's budget, it should be noted that even though this action leads to some inflationary effects, a reduction in the budget, particularly the development budget the unused production capacity [as heard] it produces in the society will create recession. Additionally, the lack of full use of production capacities will increase production costs. This may impose another form of inflation on society.

The government's success in harnessing inflation is another one of the government's economic achievements this year. The inflation index for goods and services went up only 3.2 percent during the first 6 months of this year compared to same period last year, while the inflation index for wholesale prices for the same period increased only 4.2 percent.

Comparing the same period last year with the year before, we show figures of 13.4 and 7.1 percent, respectively. It should be noted that such an achievement is a result of the long-term economic policies of Majlis and the government. It should be considered, in part, the result of efforts of the government in 1984 and before since, due to the nature of the economy, some government actions result in changes a year or more later. We hope that for the first time we will maintain these indicators and keep the level of inflation below the 10 percent level, God willing.

Another fundamental indicator that the government has managed to maintain at an acceptable level irrespective of all the extraterritorial pressures and agitation against the country is the indicator for foreign expenditure. During the past few years and particularly in the past 6 months, the government, irrespective of concentrated air raids against Khark Island, has managed to balance this expenditure, maintain a reasonable level of reserves and run the country without borrowing from foreigners. I would like to note here that the Islamic Republic of Iran has no foreign debts while Iraq has some $40 billion in debts. This clearly shows the government's achievements in this respect. While taking hold of this indicator, it is time that the government's work with respect to fighting unemployment also be viewed. We have no exact statistics on unemployment in Iranian society. What we can say in this respect is that irrespective of the severe pressures on the national economy through the war and the reduction in development budgets, unemployment is not an important social issue. What is more important right now is the presence of unproductive jobs which should be fundamentally eradicated.

We hope to witness further political and economic victories in the coming year. The government's proposed budget for the coming fiscal year, based on the experience of the past 5 years and lengthy investigations and discussions by administrative experts and officials, is hereby offered to the Majlis. In preparing the proposed budget, emphasis has been put on savings and avoiding any damage to the economic fabric of the country. Those brothers who will review this bill with patience will observe this. The bill also attempts to offer new solutions discovered by administrative officials to some of the problems though appendixes to the budget. We hope that these are noted by the respected deputies who will (?approve them).

The budget bill offered today is based on the following fundamental axis:

I. The war: Under the present special circumstances, the war should be considered the main axis of all political and economic activities. Thus, the government has not only increased the defense budget but also has created easier ways to achieve defense through offering various appendixes to the budget. It also has charged various government organizations with giving full priority to the needs of the fronts and giving the respective organizations all materials and facilities needed in this respect.

II. Participation by the people: Among other special attributes of the coming year is the further stress being put on more participation by the people of each region in the development activities of that region. In this respect, the proposed budget bill reveals the formation of new policies to encourage popular participation in addition to some of the taxes from jobs in the province being allocated to development in the same province as was the case last year. For example, it has been decided that any time people of a region supply 50 percent of the costs of a development project, the government will have to supply the remaining cost. This level has been set at 30 percent in certain cases in a different appendix.

III. Participation by the banking system: This is another important feature of this year's budget. Another important aspect of the offered budget is the active participation of the banking system in development projects. On the basis of this, the banking system will allocate some 147 billion rials of its funds to government development projects which have technical, financial, and economic bases. In addition to this, the banking system plans to spend some 82 billion rials independently in some development projects. The allocation of 229 billion rials of banking system funds to development projects is of interest in two respects. The banking system has been facing a glut of funds in the past few years. These funds were kept by the banking system because of the policies undertaken by the government. At the same time, the government was faced with a shortage of funds. If you take into account that some of the development budget was used in the production of essential goods, then such costs will be written off in the following years and the original investment will be returned to the investors. Thus, it is clear that investment by the banking system in such plans leads to the use of additional funds and also means that no development projects are delayed. Furthermore, the banks will not suffer any losses providing such projects are economical.

In addition, when the government is faced with a shortage of resources to start up development projects, as was the case this year, then it either has to halt such projects, which results in adverse economic effects, or it must borrow. Government borrowing, usually from the Central Bank, directly increases the money supply in the private sector. In addition, the administration has to look at the projects carried out through borrowing as parts of the budget, even though they are not, and thus on occasion such plans are not economically viable. However, participation of banks in such development projects, since they use the funds of the banks directly, does not directly lead to an increase in the money supply and in addition it gives the administration (?stable credit) in this respect, and makes a return on investment necessary and increases the economic (?viability of) such plans as a result.

IV. Improving economic management of the society and the full use of all present capacities is another special attribute of the proposed bill. As a result, full use of all capacities present in the society is reflected in development budget divisions, and priority has been given to projects already partially completed. In addition, special considerations have been made in various appendixes to aid the completion of partially completed projects over the next 2 years. This view of the issue was the conclusion of the brothers in the Majlis joint special commission and the government, with

special participation by the Ministry of Plan and Budget. Therefore, the government will concentrate all of its efforts in this matter.

In addition, the budget views development projects over the long term for the first decade of the revolution, with the goal of completion by 1988. Such a view of development projects, considering that some national assets have not been used, can lead to the full use of social capabilities.

V. Another special attribute of this proposed budget bill is the simultaneous offering of the national reserve budget. This is the first year that this task has been completed and, since the production sector is more or less dependant on foreign reserves, it makes correct planning possible. To conclude the lengthy discussion on the budget, a very important point the respected deputies must consider is that the government has done its utmost to create the greatest savings in the administrative costs of the offered budget. These costs cannot be reduced further and a major portion is the salaries and benefits of government workers who have already been sacrificing and serving during the past few years. Any further reduction in development project budgets, considering that the country is capable of more production than that advocated in the proposed budget, would mean a long-term nonuse of capabilities -- a loss.

In addition, other negative effects of a reduction in the country's development budget on the national economy would not be beneficial, as stated earlier. The government has done its best to maximize savings, both in reserves and in the development budget, and the brothers have dealt with the issue correctly. We feel that any further reduction in development work, which would leave the economic capacities of the country empty, or in administrative affairs, would cause us problems.

As we said earlier, in preparing the budget the government has attempted to strike a balance between savings and keeping the national economy safe from harm through exessive savings. Considering all the aspects and effects that the budget would have on the economy, the government is asking for a loan of 395 billion rials from the banking system. We are certain that whatever the decision of the representatives of the people in this respect, it will be based on the interests of the country. Considering the general points outlined, I will continue by outlining the special parts related to income and expenditure and the important aspects in each case.

1. Income: The income of the government for the coming year is estimated to be 3,288.5 billion rials. This figure is 20.6 percent below the budget approved for the current year. The following figures form the total government income:

a. Oil — 1,300 billion rials;
b. Taxes — 1,160.4 billion rials;
c. Other income — 528.1 billion rials.

The following points should be noted when estimating income:

A. The reduction in the estimated income of the government for the coming year is based on a more realistic estimate of the reduced oil income. In the current year's budget, oil income was estimated at 1,867 billion rials, which will not be realized. thus the figure was estimated at 1,300 billion rials for the coming year — 14.3 percent below last year.

B. Another important factor to be noted when estimating income is the make-up of government income, which has assumed a more healthy shape in recent years. This is clearly reflected in the proposed budget bill, since the percentage of oil income, 53 percent of the total income of the current budget, has dropped to 48.7 percent of the total.

2. Expenditures: The country's expenditures for the coming year have been estimated at 3,915 billion rials, which shows a growth of 1 percent when compared to the current year. Important points to note in expenditures for the coming year are as follows:

A. Considering the war as the main preoccupation of the country, the defense expenditure has been increased by 12.5 percent. It should be noted that although the major portion of this expenditure is used to increase the abilities of the defense industry, there is no distinction in the defense budget between current and development expenditures. The entire expenditure is shown in the budget as the current expenditure. This figure, which reflects one of the government's main policies, gains importance when we compare the 12.5 percent growth in defense expenditure to the 1 percent growth in the total expenditure. This shows that we have done our best in this respect, which portrays the sacrifice of other organizations connected to the war.

B. Another important point is that current expenditure, aside from the war, has dropped by 5 billion rials rather than increased. In general, over the past few years the government has tried not to increase the level of the budget. This is reflected in the proposed budget.

C. An important point of the proposed budget, based on Addendum 18 of the 1985-86 budget bill, is to set times for all development plans for the duration of the period. This has been done for the current year and all development plans have been divided into specific time periods. The proposed development budget has been based on this. Thus it follows a far more logical trend as compared to previous years. For example, many of the incomplete projects will be completed next year and come into use. This will strengthen production capabilities of the country. In addition, considering the closeness of the first decade of the revolution, key and important development projects of each sector have been identified and have been planned on a time scale as the projects of the decade of the revolution which, by relying on the Almighty, and God willing, will be completed by 11 February 1988 and begin production.

In addition to the generalities noted, the expenditure in the proposed bill has valuable points that can be beneficial if mentioned at this opportunity:

a. The industrial sector: Currently and during the next year, the government hopes to complete a total of 30 development projects now in progress and bring them into operation.

The first of the projects, the initial phase of which is to be completed this year, encompasses 15 projects. Among the most important we can note is the project to create industries in prisons, the Gilan wood and paper industrial complex, the expansion of the Shiraz petrochemical complex, and the research projects to expand heavy industries.

The second part of the work to be completed in 1986 and to go into operation early in 1987 encompasses 14 projects, among the most important of which are the project to complete fishery facilities, the 2,000-ton Lowshan cement factory, the expansion and completion of Arak Machinery Factory, the creation of electronic and (?electro-oxide) industries, the Esfahan petrochemical complex, the completion of roller number 250 of Esfahan's steel industries, and the plan to expand and complete the electric motor factory.

b. Agriculture: Due to the direct contact its activities have with over 50 percent of the population of the country, and due to its strategic products related to independence and self-sufficiency, agriculture enjoys special importance and priority. As a result, 92 projects in the seven divisions of water and soil, forestry and grazing, cultivation, livestock, research in fisheries, mechanization, and machinery have been proposed. This is an increase of 32 projects over the current year. Among the most important subdivisions is water. The second Kuhrang tunnel went into operation this year and in the coming year it is very likely that the (?Khardeh) and Toroq dams will be completed. In addition, plans to bring water to the cities of Bandar 'Abbas and Bandar-e Imam were completed this year as part of the plan to bring water to the cities and industry and similar projects for (?Khomeyn), Hormoz Island, Esfahan, and Shahanshahr have been highly active. They will continue in the coming year. It is hoped that they will be completed as soon as possible.

c. Higher Education: There will be approximately 70,000 positions available during the coming year. [as heard] The plans to expand higher education have been selected so that the distribution of such positions becomes more balanced across the country. It is forecast that some 7,000 extra students will go to universities next year compared with this year. If we succeed in implementing the plan for full-time universities and, God willing, the respected Majlis help us, this figure can go higher.

d. Health and Health Care: The continuation of activities to expand the health care network and hospitals to increase the availability of needed medical experts will be the goal, with an increase of some 4,270 student positions being created. In addition, work will be done to further supply city health services and expand, supply, and complete the doctor's training complex, with a capacity of 850 beds, and to emphasize preventative measures.

e. Welfare and Social Security: This involves supplying the needs of the families of martyrs, war refugees, sacrificers, and approximately 350,000 old people in villages and tribes who will come under the coverage of the Martyr Raja'i plan.

f. Mines: During the current year and the coming year, exploration and the preliminary survey of sources of bauxite, aluminium silicates, and fire clay; survey operations for copper, manganese, and [word indistinct]; and exploratory plans to expand and enhance mine production have been forecast. The most important is the expansion of the Qolvahar iron ore facility, which has a capacity of 2.5 million tons.

g. Post and Communications: In addition to supplying and putting into operation 128 city and village postal units, and the acceptance of the plan for 164 village postal representatives to be implemented by the end of the year, 63 projects to construct post offices in the cities and 61 post offices in villages will be completed, while approximately 100 new postal units and 6,000 new post boxes will be added across the country.

In communication, in addition to the 100,000 new telephone numbers which will be set up across the country this year, it is expected that some 50,000 new phone lines will go into use in the coming year. Long distance communication aimed at communication between cities and between cities and villages will also expand, as will international communications. It is important to note that all the development costs of the communications sector come from within the company.

h. Art and Culture: Research into the repair of monuments and historical sites, science and cultural centers, expansion of tourist facilities, creation of hostels, expansion of the ISLAMIC REPUBLIC NEWS AGENCY and Voice and Vision, use of powerful transmitters, and creation and completion of sports facilities, have been planned.

i. Education and Development: The number of students in all levels of education reached 10.17 million this year, some 670,000 more students than last year. It is expected that the total number of students will reach 10.744 million in the coming year. The plan to expand the education system involves some 2,081 schools which will open in 1986 and 1987. This includes some 4,731 classes; some 1,000 of these are located in deprived city areas. In addition, some 30 teacher-training colleges in villages and a supply of teachers for remote villages have been planned.

j. Oil and Gas: The credit for this sector has been estimated at a total of 120 billion rials for the coming year. This includes 79.9 billion rials in oil, 13.1 billion rials in gas, and 8 billion rials for reconstruction and refurbishing of damaged facilities. During the coming year, exploration operations will continue for the discovery of more fields to supply future needs of the oil and gas industry. The expansion of gas fields, maximization of all facilities of present refineries, distribution of oil products, and expansion of gas service facilities across the country will enjoy special priorities. The expansion of the pipeline in recent years, which has resulted in the liberation of some of the transport volume of tankers as well as the expansion of village road facilities, will mean that this liberated volume will be used for the oppressed. It means that oil products will be taken to remote places for consumer use.

k. Electricity: There are main projects in production and distribution which will be completed this year and in the coming year. The major plans completed this year in the field of electricity production involve seven projects, the most major of which is the Martyr Mohmmad Montazeri power station in Esfahan with a capacity of 800 megawatts. Six other projects will be completed next year, the most major of which will be the completion of

another unit of the Martyr Mohammd Montazeri power station in Esfahan. Four main distribution lines will be completed during this year and next year. With the completion of the projects for development and distribution of power this year and in 1986, 518,800 and 519,430 new consumers, respectively, will be added this year and next year. That means slightly more than 1 million customers during this year and next. These figures also show the need to put more capital into the industry. There has been little in recent years; one effort of the government to expand the national economy and the welfare of our dear people should be in this area.

I. Commerce: Some 191 grain elevators will be constructed this year as part of the development projects, while another 100 will be constructed next year. The capacity of cold storage units and storage areas for essential goods — both rented and owned facilities — will be increased from 82,000 tons to (?205,000) tons.

I would like to take this opportunity to briefly outline government policy with respect to some important economic issues:

1. Extensive government efforts [to increase] nonoil exports will continue as strongly next year. While trying not to become overly optimistic in this respect, the government will concentrate all its efforts to facilitate the export of domestic goods and to find markets around the world. It is hoped that we can create a development in this field considering the sensitivity and coordination present between relevant organizations in this respect.

2. Government will continue its efforts to fill legal vacuums — with the aid of the respected Majlis — particularly in the economy. I should note the destiny-making effects of major laws in the economy. The presence of laws will not only allow the government to offer the revolutionary Majlis more precise plans, but will also increase the necessary security for economic activities in the society.

3. The government considers it its duty to allow the participation of all people in the economy within the framework of the Constitution. Following the remarks of his holiness the imam, may his shadow continue, efforts in this respect have increased in a noteable manner. However, it will be very effective in the continuation of this trend should the condition of various sectors of the economy, such as foreign trade and land, be clarified.

4. The government will continue to support transfer of capital toward production. We cannot support the rush of capital to the service sector. The service sector, having a larger than necessary share of the national income, has created an imbalance, the cure for which is nothing but the encouragement of investment in production and limitation of service industries.

5. As has been repeated many times, the government defends the gathering of small capital and work force within legal companies and cooperatives for large productive investments. While we support the move toward investment in production by lawful capital, we will continue to ensure that the rule of philosophy and its values are not replaced by capital and capitalists.

In order to realise this policy, the government has so far used such means as banks, insurance companies, heavy industries, the network of foundation facilities [as heard], and all other powers within the domain of the administrative organization, on the basis of Article 44 of the Constitution. The government will follow such policies in the future within the framework of the constitution, the laws passed by the Revolution Council, the Majlis, and future laws approved by the Majlis.

The new banking law will create an even more beneficial atmosphere in this respect. The banking system, following government policies, is organizing its credit system in a way to enable it to realize this goal. Government success in opposing the rule of capital is not limited to the economy. The destiny of the Islamic Revolution and the rule of Islam in society to a large extent is dependant on this success. The government will not be able to achieve this alone and needs the support and sensitivity of the dear Majlis, as exemplified in the bill for support of industry, the bill on limits of activities of the (?private) sector, and many other bills.

6. The government is the defender of the lawful wealth of the dear citizens of our country. Its policies will not change in this respect in the future. The administrative system has shown that it has the power to create the necessary security for investment in industry, agriculture, and other beneficial commercial fields. The efforts of the government and the judiciary to carry out Article 49 of the Constitution and to battle hoarding and economic decadence is in truth preparation of the field for the activities of those who want to use their capital, power of management, and creativity to serve their country and people beside the government and the cooperative sector. We consider such activities beneficial toward true expansion and growth and for the independence of the country. I (?sincerely believe) that the position of the judiciary also aims to create the secure economic atmosphere necessary for creation of constructive activity by all people.

7. The government will endeavor to further tie the import of goods with the export of oil. While seriously supporting OPEC and stressing the belief that the control of the level of production and export by its members is a necessity, we wish to announce that should other members violate this, or should our enemy in the region receive an export ceiling higher than the present level, we will not be prepared to make any sacrifices alone for OPEC. We have come to realize in the past few years that in order to stop any overburdening of the revolution and the country, it is necessary to look realistically at the daily oil prices in the international market and to use more varied techniques to face the fluctuations of this market.

On the basis of the announced policies of the government, the Oil Ministry will be charged with the creation of deeper contact between the oil industry and domestic industries, as well as between sale and export of oil and foreign trade, and try to satisfy the needs of the country on the basis of the activities of the international oil market and a realistic attitude toward daily international prices. It is also expected to actively combat plots of the industrial nations against oil-producing countries.

In conclusion, I wish to thank the respected Majlis deputies who have always aided the government, and ask them to review, approve, and quickly pass this bill, thus helping the government

to start the projects for the coming year faster than before and with more preparations. May God's peace and benediction be upon you.

IRNA Reports 1986 Fiscal Year Budget Details

LD031731 Tehran IRNA in English 1602 GMT 3 Dec 85

[Text] Tehran, Dec. 3, IRNA — The budget for the next Iranian year, 1365 (starting March 1986) was presented to the Majlis (Islamic Consultative Assembly) by Prime Minister Hoseyn Musavi on Sunday. It is expected that the Majlis will study the bill sometime this month.

Government revenues, expenditures and the balance of the budget figures shown below are according to statistics published by the Ministry of Budget and Plan.

The figures have been scaled down to a billion rials. The official buying and selling rate of dollar was rls. 84.45 and rls. 84.70 on Tuesday.

Table A — Income

Year	1363 (84/85)	1364 (85/86)	1365 (86/87)
Taxes	898.7	1138.2	1169.8
Oil	1282.2	1867.0	1600.0
Sales of foreign exchange	34.5	119.0	111.0
Others	420.2	396.3	424.2
Special incomes	277.9	259.9	269.7
Total income	2913.5	3780.4	3574.7

Table B — Expenditure

Year	1363	1364	1365
Capital investment	827.7	1085.8	949.2
War reconstruction	50.3	50.0	35.0
Other payments	2046.8	2305.3	2341.3
Repayment of foreign loans	29.6	33.8	24.5
Expenditures of imposed-war	399.2	400.0	430.0
Total	3353.6	3874.9	3780.0
Special incomes	277.9	259.9	269.7
Total expenditure	3631.5	4134.8	4049.7

Table C — Balance

Year	1363	1364	1365
A. Deficit of income	718.0	354.4	475.0
B. Balanced deficit:			
1-Domestic loans	364.7	200.0	390.0
2-Repayment from previous year	173.0	154.4	85.0
3-Advance sale of oil	91.0	— —	— —

Reportage on Combat Operations in War With Iraq

Communique No 2,309

LD041617 Tehran IRNA in English 1545 GMT 4 Nov 85

[Text] Tehran, Dec 4, IRNA — Iran's Muslim combatants launched a limited offensive against Iraqi forces in Kani-Sakht at 22:30 hours (19:00 hours GMT) Monday, killing or wounding at least 65 Iraqi troops and seizing a large haul of weapons and ammunition, according to a military communique released by the Joint Staff Command of the Armed Forces here Wednesday.

In its Communique Number 2309, the command says that 30 Iraqi soldiers were killed or wounded and three observation posts as well as several of their bunkers were demolished in artillery duels in the western fronts over the past 24 hours.

Exchange of artillery fire between Muslim fighters and Iraqi soldiers continued throughout the fronts raging somewhat more heavily in Lolan, in the northwestern fronts, Shur-e Shirin in the western fronts and Sharhani and Majnun Island in the southern fronts, on Tuesday, says the communique.

Elsewhere in the western fronts, the Joint Staff says enemy's engineering, supply and transport operations as well as movements of its armoured units in Salehabad, Sumar and Helaleh were halted by Iranian forces on Tuesday.

In the southern fronts, the communique says Muslim defenders opened heavy fire on an enemy motorized column Tuesday, inflicting casualties and losses on the column and halting its movement.

Iran's Gendarmerie forces inflicted substantial casualties and damage on enemy troops in the southern fronts over the past 24 hours.

Meanwhile the City of Abadan was target of Iraq's long-range artillery fire on Tuesday according to the military communique.